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# Massport



**Annual Report  
1976**





The Massachusetts Port Authority was created by an act of the Massachusetts Legislature in 1956 to develop and operate major commercial aviation and maritime facilities, including Logan International Airport, the public marine terminals in the Port of Boston and the civil portion of Laurence G. Hanscom Field in Bedford. The Mystic River (now Tobin Memorial) Bridge was also included in the Authority structure.

A quasi-governmental agency, governed by a seven-member independent board, each with a seven year staggered term and appointed on succeeding years by the Governor, the Authority is not supported by tax revenues nor is it permitted to depend on the credit of the Commonwealth of Massachusetts to subsidize its operations or issue bonds.

Rather, it is a financially self-sufficient agency which derives its funds for operations and development projects from:

1. Income from facilities operations;
2. Sales of revenue bonds, and;
3. Return on investments.

While the Authority's functions are generally related to facilities operations, it has also assumed and maintained a position of leadership and cooperation with state and federal governments, private industry, responsible citizen groups and others in the resolution of critical transportation problems.

I accepted the position of executive director in July 1975. During the ensuing year, several issues of long standing which have impeded the progress of the Port Authority, were resolved or are close to solution. Much has been accomplished during fiscal 1976, and in particular, Massport's financial position is improved substantially. New policies and priorities were enunciated and organizational restructuring will permit Massport to be more responsive to rapidly evolving transportation and commerce needs of the Commonwealth.

Genuine demands—some conflicting—accompany nearly every Massport proposal or decision. Thorough analyses and planning, honest negotiation and realistic accommodation can allow Massport to make larger contributions to the economic needs of the Commonwealth.

Massport, or any other government agency or private organization, cannot function effectively if involved perpetually in conflict.

My most urgent priority, then, was the resolution of the long standing issues of Logan Airport encroachment into residential areas and of the noise generated by aircraft using Logan.

While these goals will never completely be achieved to the satisfaction of all the parties involved, Massport has made more significant progress in one year in that direction than was made in the previous 16 years through the following actions:

1. A definitive Logan Airport Master Plan was completed;

2. A penetrating study—the first of its kind in the nation—of the economic impact of a curfew at Logan on the regional economy was completed, and, subsequently, a curfew was rejected by the Massport members;

3. The long standing issue of whether not to extend runways 9 and 4 left was resolved, and;

4. Efforts were intensified to bring more substantial and lasting relief from aircraft noise to the people living in communities adjacent to Logan.

Prior to this fiscal year Massport was frequently characterized as a money machine, immune from the effects of declining domestic and international economics, petroleum crises and inflation.

It is not.

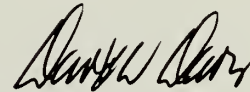
A year ago it was apparent that the general economic recession coupled with large and urgent Massport facilities maintenance requirements had produced a decline in its financial resources. Also, if maritime development in the Port of Boston and other improvement projects were to be accomplished, the Authority's financial buoyancy and, therefore, its ability to sell bonds, must be strengthened. In recent months we have made great progress in this direction.

Actions to improve operating efficiencies and reduce expenses have been implemented. A computerized budget and planning system is being instituted which will produce timely and precise information on revenues and expenditures, quantify the planning process, monitor actual performance and evaluate the financial impact of alternative plans.

The results? For the first time in the Authority's history, income is growing at a faster rate than expenses (which had a moderate six percent growth rate in this fiscal year), funds for facilities maintenance expenditures can be predicted more accurately and development projects can be scheduled and accomplished with more accuracy and certainty. We anticipate qualifying to re-enter the bond market in 1977.

Current and future improvement in financial stability will allow more expeditious development of the long neglected Port of Boston. It will permit us to place greater emphasis on air cargo improvements at Logan upon which so much of New England industry depends and it will allow us to participate with other state agencies on projects designed to stimulate economic growth and increase the number of jobs available in this state and region.

Massport was established to fill a multitude of needs brought about by changes in transportation habits, technology and regional citizen and business demands and increasing competition for tax dollars. Nearly a generation later, these needs have increased and it is my objective to ensure that they will be met with a spirit of enthusiasm in an atmosphere of awareness of our social responsibilities toward those who are affected by our presence and projects.



David W. Davis

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## The Annual Report of the Massachusetts Port Authority for the fiscal year July 1, 1975 to June 30, 1976

Dr. James Alan Fay—chairman  
Reverend Albert J. Sallase—vice chairman  
Denis A. Blackett—member  
Michael W. Christian—member  
Frank L. Harrington, Jr.—member  
Ann M. Hershsfang—member  
William F. Lyden—member  
Dr. Arthur Gelb—member (appointed August 17, 1976)  
David W. Davis—executive director  
James S. Hoyte—secretary-treasurer

*Terms Expire*  
June 30, 1979  
June 30, 1978  
June 30, 1982  
June 30, 1980  
June 30, 1976  
June 30, 1981  
June 30, 1977  
June 30, 1983





# PORT OF BOSTON BUSINESS TO BE DEFINED.

*"To be or not to be" is no longer the critical question being asked about the Port of Boston. With container unit and tonnage records being broken nearly every month, it would appear that the Port's survival is assured if adequate facilities can be provided to serve anticipated growth.*

*It was logical then, that the Massport board assign the highest development and operational priorities to determining just what the optimum size and character of Port facilities should be as reflected by intensive market examination. It is an undertaking enthusiastically endorsed by regional and state governments as well as the City of Boston and the regional industrial and business communities and, of course, waterfront labor and businesses.*

The questions to be answered—where do we go from here? What should be the reasonable geographical limits of the Port's market exploitation of general and bulk cargos? In what ways can we compete effectively with other East Coast ports? What facilities must be developed by Massport to support its competitive sales efforts? While some answers such as continued labor management stability and competitive Port charges for steamship lines are obvious contributors, Massport has established a marketing department to conduct unprecedented (in Port of Boston history) and exhaustive studies to collect data and to recommend to the Massport board definitive action programs which can both maximize Boston's maritime cargo opportunities in Boston and beyond and

to recommend and justify proposed expenditures for major capital improvement and development projects by Massport at its waterfront facilities. In an increasingly competitive bond market

## New England Air Cargo Market Needs Studied

The Massport marketing efforts will not be restricted to maritime business development, however. In the next year and beyond surveys and studies will be carried out by Massport to determine the true geographical extent of Logan's relative attractiveness as a domestic and international air cargo processing center and its potential for growth.

In 1964 Massport began one of the largest land development projects in New England at Logan Airport's Bird Island Flats. Over the next 11 years preparation work and tons of fill were used to create a tract of land suitable for the construction of air cargo and aircraft support buildings and services.

But the recent recession, so devastating to the New England economy particularly, caused the demand for development of this land by air freight companies to evaporate almost entirely—at least for the time being. Recent indications of a recovery in the general economy and in the air freight business at Logan in particular (up more than 20% in the last six months of this fiscal year), are providing realistic hope that air freight companies and other aircraft related businesses that could be located at Bird Island Flats might be willing to consider long-

term facilities investments. The marketing studies in this area will greatly assist not only the air freight industries with their decisions but they will provide a sound base for more accurate Authority financial planning.



23 container lines provide Boston with service to 175 world ports.

which will be the major source of financing for these projects—this new, broadbased marketing effort by Massport may be the single most important step toward a real and lasting revival of the Port.

## Logan Terminals Complete

It had been described as being as difficult as building a new Filene's basement on the site of the old during a January sale but Logan's 16-year terminal construction program was approaching completion in December 1975 when the first phase of the new South Terminal was opened. During that period, three new domestic terminals and one international terminal were constructed along with a four-level parking garage, a 285-foot-high control tower and a two-level roadway as well as other associated projects. Not a monumental feat by current city redevelopment construction programs until one considers that it was accomplished while providing hundreds of millions of airline passengers with uninterrupted service in the same location as the construction was taking place.

Undoubtedly one of the world's more functional yet economical airport passenger facilities, the more than \$65 million South Terminal took four years to build and is expected to accommodate 9,200 passengers daily.

The structure consists of a five-level parking garage flanked by two terminal buildings which house Allegheny, American and National airlines as well as air commuter services. Northwest Orient, currently housed in the Southwest Terminal, will become a tenant of the new facility in 1976.

With economy and passenger convenience prime design requirements, the airlines currently occupying the terminal attribute much of their combined average passenger increases to the new facility and its features.

### An answer to the curfew question

Ever since the first commercial jet touched down at Logan Airport after dusk 18 years ago, the controversy over the imposition of a night-time curfew at Logan has been the subject of newspaper headlines, community-Massport confrontations and innumerable legislative bills on Beacon Hill. Approximately 76,000 people live in the immediate vicinity of Logan and suffer serious irritation from noise.

But many of these jets are laden with air cargo, vital to the economic health of the New England region which produces primarily high value, low volume



goods for sale around the world and the type dependent upon air cargo services for swift, safe delivery.

In March 1976 the Massport board authorized the formation of an advisory committee with representation from the business and banking communities, the airlines, air freight companies, the affected residential communities, state government, Massport and others. With a \$120,000 board-authorized budget, Massport staff members under the direction of the 24-member advisory committee, embarked on an exhaustive three-month study to determine the actual effects of a curfew on jobs both at Logan and in air freight dependent businesses, and the impact of planned industrial expansion or relocation. It was probably the first such study ever carried out by an airport operator in North America. The study produced a few surprises but it did end overly dramatized speculations and polariza-

tion of attitudes that had occurred throughout the years.

The Study suggested that 1,906 jobs would be jeopardized and probably lost if a 12AM to 6AM curfew was imposed and 6,964 with an 11PM to 7AM curfew.

At least of equal importance was the negative psychological impact a curfew would have generated in the business community which has, in the past, accused State government of having an anti-business attitude.

Following a review of the study, the executive director recommended to the seven-member Massport board that they not impose a curfew at Logan and that a high priority, intensive 14-point noise abatement program be pursued to help bring relief—short of a curfew—to the noise impacted communities. The Governor and the Secretary of Transportation endorsed the recommendation which the board subsequently approved.



## Revenue and Operating Expenses FY 1975-FY 1976

FIG. 1

(millions)

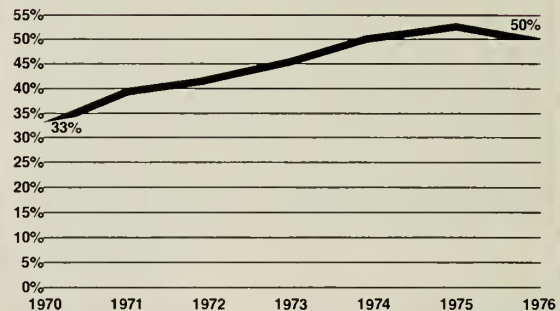
	FY 75	FY 76	\$ Increase (Decrease)	% Increase (Decrease)
Operating Revenues	\$46.8	\$52.4	\$5.6	12%
Investment Income	3.3	2.7	(.6)	(18%)
<b>Total Revenues</b>	<b>\$50.1</b>	<b>\$55.1</b>	<b>\$5.0</b>	<b>10%</b>
Operating Expenses	25.0	26.5	1.5	6%
<b>Net Revenues (before capital accounts and debt service)</b>	<b>\$25.1</b>	<b>\$28.6</b>	<b>\$3.5</b>	<b>14%</b>

FIG. 2

FY	Annualized Growth Rate of Operating Revenues	Annualized Growth Rate of Operating Expenses
1971	6%	22%
1972	14%	21%
1973	24%	35%
1974	14%	27%
1975	11%	18%
<b>5 year average</b>	<b>14%</b>	<b>25%</b>
1976	12%	6%

FIG. 3

## Ratio of Operating Expenses to Operating Revenues



# FINANCIAL REVIEW of '76

For the five-year period from fiscal 1970 to 1975, the ratio of operating expense to operating revenue (fig. 3) had increased steadily from 33 percent to an alarming 53 percent. In fiscal 1976, however, a downward trend was established and it is anticipated that the reduction to a 50 percent ratio in fiscal 1976 will be further improved in the future.

The encouraging trends established in fiscal 1976 were not easily achieved. Definitive budget information normally available to assist in the identification of weak revenue or problem expense areas was lacking as was any meaningful and standardized system of budget controls. The immediate actions taken to improve the financial viability of the Authority were the introduction of a financial planning model, the elimination of unnecessary expenses, a hiring freeze and a reorganization of the budgetary information, classification and retrieval systems. The results of these

and other management actions was a savings of \$2.8 million, or 10 percent of the projected budget.

To allow for greater future budgetary analyses capability and control and to permit more internal planning resources to reduce the dependency on expensive external consulting service, accounting information is being computerized with inherent capabilities to produce more timely and detailed data than was previously possible.

Although the Port Authority has traditionally enjoyed a strong financial posture, an extended general economic recession period, rapidly increasing utility costs, some extraordinary facilities expenses and spiraling administrative expenses combined to reduce the fiscal strength of the Authority in recent years to a point where it could not meet stringent financial criteria required to enter the bond market. Until those criteria could be satisfied, Massport would

be unable to enter the bond market.

As indicated in Fig. 1, total Massachusetts Port Authority revenues including investment income increased in fiscal 1976 by 10 percent while operating expenses were held to a moderate and acceptable six percent increase resulting in a net revenue increase of 14 percent over the previous fiscal year. Worthy of particular note is the fact that the previous five-year annualized growth rate (fig. 2) of operating revenues was only 14 percent while the annualized growth rate average of operating expenses for the same five year period was 25 percent, or approximately four times greater than the six percent increase in fiscal 1976.

Thus, at the conclusion of fiscal 1976, there was substantial evidence that the negative trends had been reversed and that the Authority's ability to return to the bond market was well on its way toward becoming a reality.

## Computer down-time at Kennedy gets off the ground at Boston/Logan.

Kennedy is nice for a visit, but you wouldn't want your merchandise to live there. No, you want it off the ground and on its way. And that's why many high technology companies have turned to Logan for their air cargo needs.

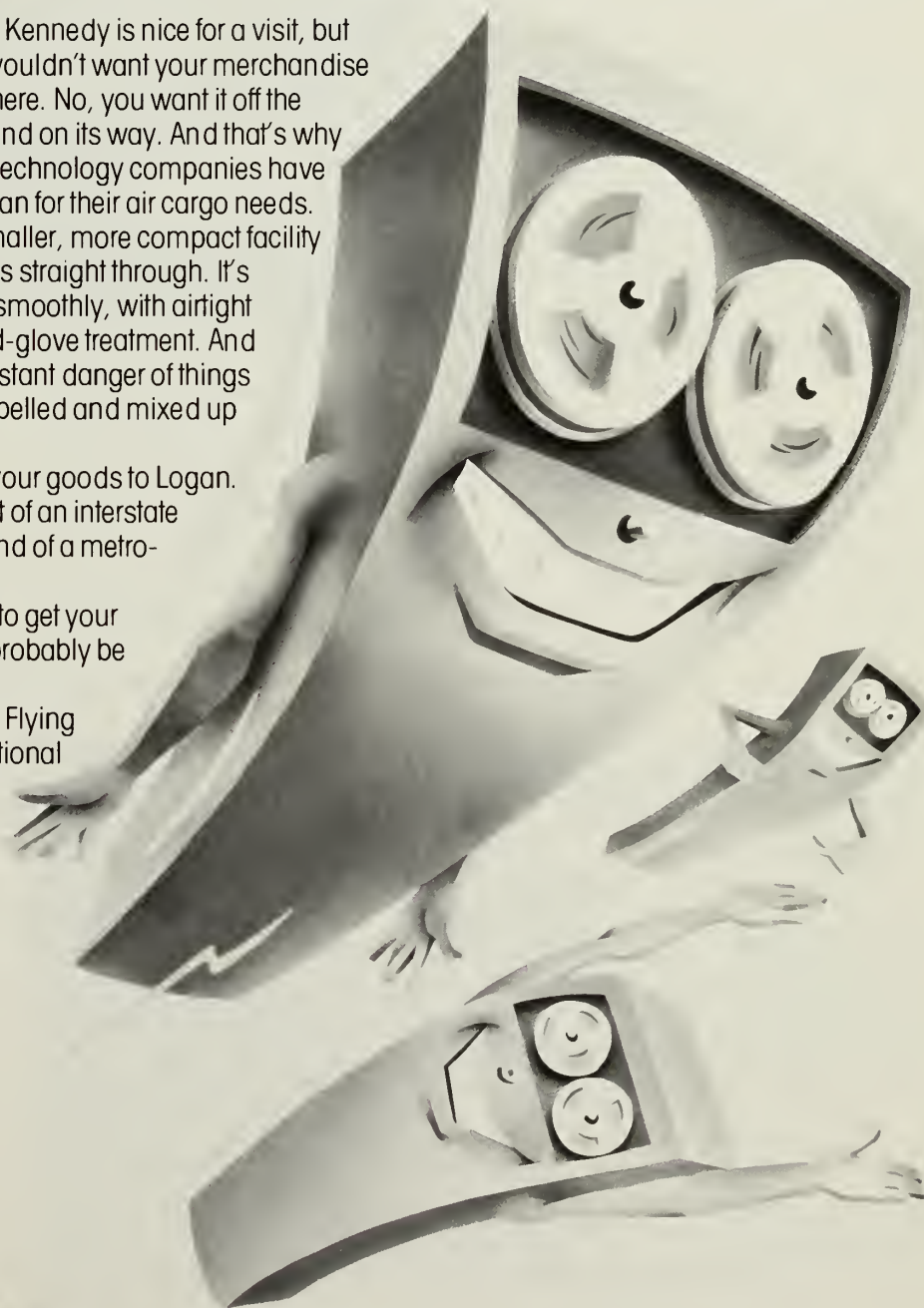
At Logan's smaller, more compact facility your shipment goes straight through. It's processed quickly, smoothly, with airtight security. It gets the kid-glove treatment. And you don't have the constant danger of things being misplaced, mislabelled and mixed up with other shipments.

It's also easier to get your goods to Logan. Because Logan's at the heart of an interstate highway system, not at the end of a metropolitan maze.

So in the time it takes you to get your shipment to Kennedy, it could probably be in Europe via Boston's Logan.

For more information, write Flying Headstart, Boston/Logan International Airport, 99 High Street, Boston, Massachusetts or call (617) 482-2930.

**BOSTON/LOGAN  
INTERNATIONAL  
AIRPORT**





Until 1976, Logan International Airport was without a master plan (or any plan) that considered both the legitimate concerns of communities impacted by its activities, and the economic importance of its operation and orderly development.

In the absence of such a plan, Massport's property acquisitions over the years had caused community residents to feel that Logan was engaged in policies that would lead ultimately to runaway expansion.

To allay these fears and to provide regional air service needs, the Massport board approved a total of \$350,000 for the preparation of a Master Plan addressing six major policy areas:

**1. Growth—A)** Sufficient capacity exists at Logan to accommodate air service demands for at least the next 10 years without unacceptable congestion and delay; **B)** New development will be limited primarily to air cargo, car rental and other airport related facilities; **C)** No foreseeable need exists for the construction of a special aviation/short take-off runway; and **D)** The concept of a second air carrier airport is not supported by Massport.

**2. Noise—A)** Federal requirements for aircraft engine retrofit have been supported by Massport; **B)** All available options for reducing nighttime noise will be examined; and **C)** Massport will assist in obtaining federal funds for soundproofing if such funds become available.

## Now and the future... a Master Plan for Logan Airport



**3. Land Use—A)** Except for the Neptune Road acquisition program, Massport through exchange, sale or grant, will divest itself of all off-airport residential, commercial and other properties in East Boston not absolutely required for navigational or safety purposes.

**4. Ground Access—A)** Improved bus and limousine services will be devel-

oped to reduce the number of private automobiles traveling to and from Logan; **B)** Bus service between airport terminals and the subway station will be improved; **C)** A right-of-way at Logan will be preserved for a possible third harbor tunnel entrance; **D)** Development of Bird Island Flats air cargo facilities will be encouraged to divert this activity away from neighborhoods; and

## \$400,000 to be saved with new shuttle bus

The capacity of a commercial airport is usually measured in terms of the maximum number of air operations that can be handled on runways and taxiways during a given time segment and the number of passengers that can be accommodated in its terminals.

At Logan those are only two of the three critical considerations. Ground access to and from this busy airport is the third. Without sufficient bus, limousine and other high density public vehicles, the overall efficient utilization of the airport is severely diminished.

With capacities already being reached or exceeded at the Sumner and Calla-

han Tunnels (the only practical access route between Logan and downtown Boston), additional private automobile use is certainly not the answer, particularly when a general effort is being made in metropolitan Boston to improve air quality through the reduction of passenger car traffic. In the long term, neither do taxicabs present an adequate alternative as most cabs carry only one or two people to and from the airport and, therefore, present the same problems as private passenger cars.

It is believed that substantial relief will be realized only when a comprehensive system of fast, frequent, convenient, economical high-passenger-

capacity public ground transportation system is developed.

In June of this year Massport took a major step forward to make the use of public transportation to and from Logan more attractive for airline passengers and airport employees. Four buses, designed especially for airport passenger use, were leased by Massport for public use between 10 locations at Logan, including the MBTA rapid transit station which connects with all other MBTA lines.

The new service replaces the MBTA bus service which carried passengers between the terminals and the MBTA subway station but not between ter-



- **E) Construction of aircraft fuel storage areas on the airport fed by underground pipelines.**

• **5. Planning Process**—Comprehensive participation by the airlines, business interests, Federal Aviation, the communities and appropriate governmental agencies will be incorporated into the implementation of all elements of this master plan as well as future charges to it that might be dictated to meet the evolving needs of the region, industry and neighborhoods.

• **6. Affirmative Action**—In its hiring, training, promotion, equality in pay, tenure and all other terms of employment, Massport will pursue an affirmative action program to increase the number of women and minority employees and employees from noise-impacted areas at all salary levels. It will also require enforceable affirmative action programs of its contractors and lessees as a condition of bid or sale in purchasing goods and services.

The implementation of the Master Plan and Massport's commitment to its goals serve to ensure that no constituency will be overlooked in either the operation or development of Logan Airport.

Probably no constituency of Logan Airport will be entirely satisfied with the plans but experience has shown that to have no plan or to have a plan that omits consideration of major constituents does not serve the needs of either the public or private interests adequately.



## THE SST CONCORDE AND LOGAN:

"It is the policy of the Massachusetts Port Authority to disallow the use of Logan International Airport by new aircraft (such as the Concorde SST) which do not conform to the federal subsonic aircraft noise emissions standards (currently FAR 36)."

The controversy that has accompanied the development of the SuperSonic Transport (SST) almost since its inception is approaching a climax at the federal governmental level. Following trial service at Washington's Dulles International Airport, a decision will be made by the U.S. Department of Transportation in 1977 which will either allow or prohibit the SST Concorde to operate in the United States. Within the last three years, passionate arguments have arisen over the Concorde's necessity as a contributor to the improved economy of the nations of the world, the possible damage it might cause to the earth's ozone layer, the effects of the sonic boom on the land and ocean environments and the noise it generates at subsonic speeds on landing and takeoff.

Except for the latter, convincing and

scientifically valid conclusions have yet to be provided and it is hoped that further study will allow these critical issues to be resolved expeditiously.

But the fact that considerable noise is generated on takeoff and landing is apparent, particularly by those who had an opportunity to witness the noise characteristics of the Concorde when it conducted several demonstration flights in and out of Logan in June 1974. Recently the Massport board voted a policy which both protects the progress made in noise abatement at Logan and yet leaves open the possibility that the Concorde could land at Logan if maximum noise standards are met by the new aircraft in the future and possible adverse environmental affects are disproven.

As a practical matter, however, the future of the SST may be determined by an entirely different consideration, i.e., operating cost. It is a generally accepted fact by the already overly burdened airline industry that the world's fastest commercial aircraft could be the commercial airline's fastest money loser.

## service

minals and the Massport courtesy bus which provided service between terminals but not to the MBTA subway station.

Massport was losing \$100,000 annually on the service while the MBTA was operating at a \$300,000 annual deficit. It is anticipated that the income from the fares (25¢ for adults, children under six free) will permit the new service to be financially self-sustaining within a year, thereby not only producing a substantial saving for Massport, but relieving the Boston taxpayer of a \$300,000 tax burden. (MBTA operations deficits are charged to the community in which they are incurred).



A Massport shuttle bus arrives every 6 minutes during rush hours and every 15 minutes at other times.

**IMPROVED AIR SERVICES:** Agreement was finally reached between Canada and the United States which allowed the introduction of nonstop and improved direct air services between Toronto and Boston. For years these two cities have enjoyed close business and industrial relationships but air service to meet the demands of these ties were lacking. Allegheny Airlines provided the initial service, with Air Canada starting competitive service in April 1976.

It is anticipated that the much-improved Toronto-Boston service will allow Boston to compete more effectively with Montreal as a European gateway airport for central Canadian traffic. With the opening of Montreal's new (Mirabel) International Airport in October 1976, most passengers in transit to and from inland Canadian locations must make a 30-mile trip between Mirabel and another Montreal airport to transfer between domestic and European flights. Canadian or European passengers traveling via Logan, however, change planes at the same airport. An additional advantage is that a minimum of 3 hours for transfer is required between airports in Montreal while the minimum transfer time at Boston is 45 minutes to one hour.

With a restructuring of its routes, Pan American World Airways ended its long-time Boston-Bermuda service. American Airlines is now providing the service as well as Delta Airlines which has had the route since taking over Northeast Airlines.

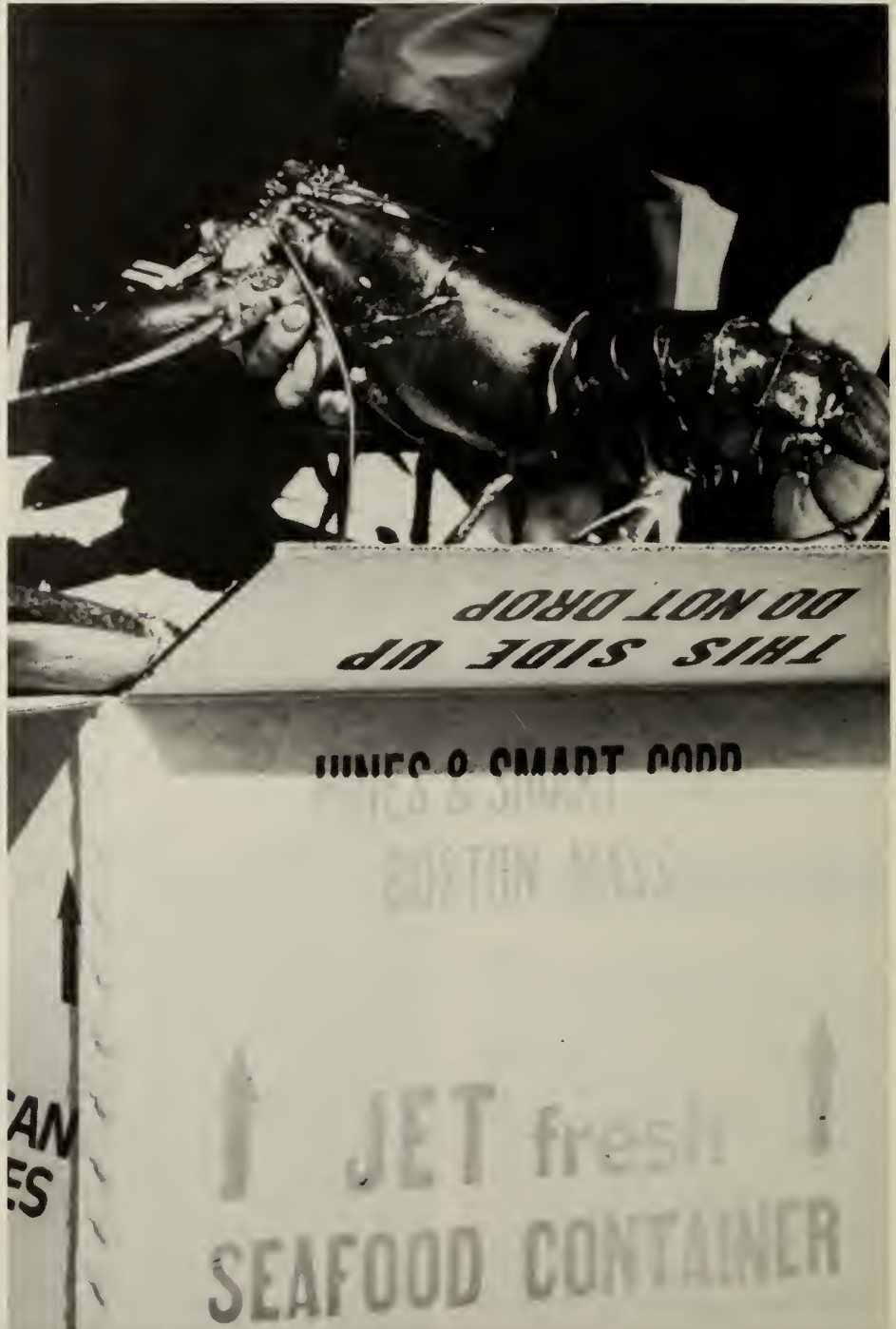
**Second Airport Need Diminished:** A frequently overlooked although critically important feature of Logan is its anticipated capability to handle this region's commercial air needs for years to come—perhaps indefinitely. Although recent national economic influences and the fuel crisis contributed to a leveling off of passenger and aircraft operations growth, it is believed that increased use of wide-bodied, larger capacity aircraft such as the DC-10, L1011 and 747 will meet future passenger increases without substantially increasing the numbers of aircraft operations. Attraction of substantial numbers of general aviation aircraft away from Logan—they presently account for approximately 15 percent of traffic—to other airfields in the vicinity of Boston would further extend the date at which the airport would reach capacity, if ever. Although air cargo demands have also leveled off, future growth is anticipated

and when that demand is assured Massport will proceed with the development of the Bird Island Flats cargo area. In summary, the region's air service needs—both passenger and cargo—are being met adequately and will continue to be met without the requirement for a second major air carrier airport (an asset for airline passengers as well as the people of Massachusetts) which could, if built, consume from 12,000 to 20,000 acres of land, cost over \$1 billion and cause the

displacement of thousands of people.

#### **Runways 4L and 9**

Although Logan Airport's major capital airfield improvement programs are complete, the question of halting or completing the same form of extensions to runways 4L and 9 remained a heated one during 1976. Prior to this writing, although after the close of 1976, a final decision was reached not to complete the runway projects as extensions, but rather as runway safety overruns.



Frequent and dependable international and domestic cargo flights help protect one of New England's prime industries.



# BOSTON — LOGAN INTERNATIONAL AIRPORT

## Statistics Relative to the Use of Airport Facilities

For the Twelve Months Ended June 30, 1976 & 1975

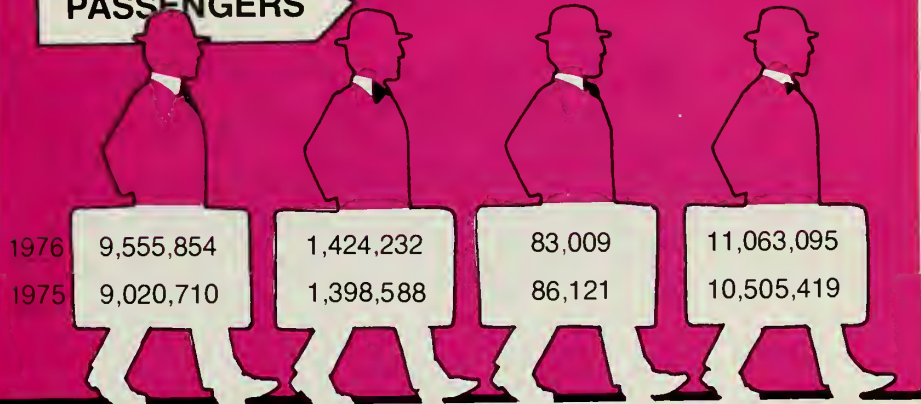
### FLIGHTS



	1976	1975
Domestic	210,620	210,144
International	18,202	19,136
Civil Aircraft	34,025	36,983
Total	<u>262,847</u>	<u>266,263</u>


# Logan in '76

### PASSENGERS



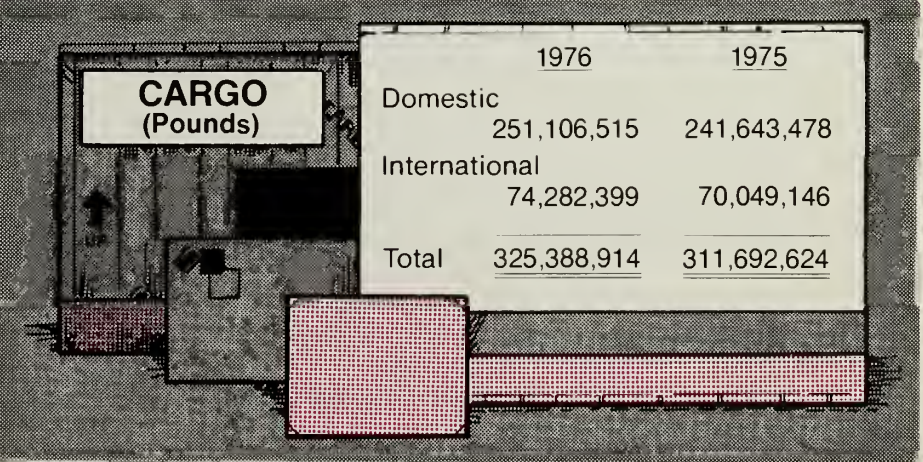
	1976	1975
Domestic	9,555,854	9,020,710
International	1,424,232	1,398,588
Civil Aircraft	83,009	86,121
Total	11,063,095	10,505,419

### MAIL (Pounds)



	1976	1975
Domestic	74,207,424	75,919,004
International	4,827,606	4,062,193
Total	<u>79,035,030</u>	<u>79,981,197</u>

### CARGO (Pounds)



	1976	1975
Domestic	251,106,515	241,643,478
International	74,282,399	70,049,146
Total	<u>325,388,914</u>	<u>311,692,624</u>



Probably no other all-general aviation airport in the United States has been subjected to as thorough a master planning process, carried out in an atmosphere of complete operator/community cooperation as Massport's Hanscom Field in Bedford. The airport is bordered by predominantly residential areas, internationally famous historical sites visited by tens of thousands of tourists annually and a traditionally peaceful countryside. The master plan will seek to protect the character of the region in the accommodation of demands for superior general aviation facilities and

services. The beginning of the unprecedented cooperative and productive relationship between the communities and the airport operator may be traced to the establishment of the Governor's Task Force in July 1974.

Since then meetings have been held on the average of two per month by the Task Force and Massport and a nationally recognized airport master planning consulting firm, approved by the Task Force, has been retained by the Authority to assist in the deliberations, review plans for Hanscom development and recommend improved noise abate-

ment procedures and finally to produce a master plan for Massport board approval. The cost of producing the plan will be shared by the Federal Aviation Administration which is paying two-thirds of the cost with Massport paying the balance.

While completion of the master plan and its formal adoption by the Massport board is anticipated by the fall of 1977, Massport, as it has in the past, maintains that there is no intention to develop Hanscom beyond the point that will provide the best possible facilities and services for general aviation-type aircraft.

# Hanscom Field



(above) Land adjacent to runways leased for farming to eliminate grass cutting costs and create new revenue for Massport.

(right) Noise abatement signs one of many pilot aids designed to reduce aircraft noise in adjacent neighborhoods.



It is also Massport's intention to continue to improve operating procedures and fully develop Hanscom's revenue potential so that this facility may operate on a fiscally self-sustaining basis in the future as it has this year without subsidy from other Port Authority facilities.

Although these revenue producing efforts extend to every facet of Hanscom operations, perhaps none is so productive (and unique, at least to New England) than one totally unrelated to aircraft operations. Massport is probably one of very few airport operators receiving revenue from farming! Until last summer mowing grass between runways and taxiways was a fixed operating expense. But in August 1975 a farmer, under contract with Massport and with the approval of the Federal Aviation Administration, harvested 190 acres of hay that had been planted in the spring. Grass cutting costs have now been almost totally eliminated and Massport has received income from the land.

Presenting no safety hazard to airport operations, the height of the hay cannot exceed two feet and farming operations are not permitted within 100 feet of runways.

Economy and efficiency of operations, however, will not affect the continuing number one priority at Hanscom—safety. In July 1975, Massport purchased a \$20,000, 1,000 lb. capacity dry chemical fire truck to replace U.S. Air Force fire fighting equipment. The four wheel drive vehicle is primarily for general aviation emergencies but it is available also for petrochemical fires in neighboring communities at no cost to those communities. The truck is manned 24 hours a day by experienced firefighters who also serve on the Lincoln Fire Department. They have received specialized petrochemical fire fighting instruction at Logan Airport.

After the U.S. Air Force announced its intention to end major aircraft training and operating activities at Hanscom in 1973, Massport entered into negotiations with the Air Force to acquire three hangars and for the exchange of other miscellaneous properties. Massport also became solely responsible for maintenance of the air operating areas of the field.

Massport is leasing the hangar spaces for general aviation purposes and it has assumed its responsibilities for the airfield and other properties involved in the exchange.

Actual title transfer is expected in 1977.

## HANSCOM FIELD, BEDFORD

### Statistics Relative to the Use of Airport Facilities

For the Twelve Months Ended  
June 30, 1976 & 1975

### OPERATIONS

1976

1975

#### Civil Aircraft

237,849

244,497



#### Military Aircraft

2,500

2,914



#### Air Carriers

740

733



#### Total

241,089

248,144

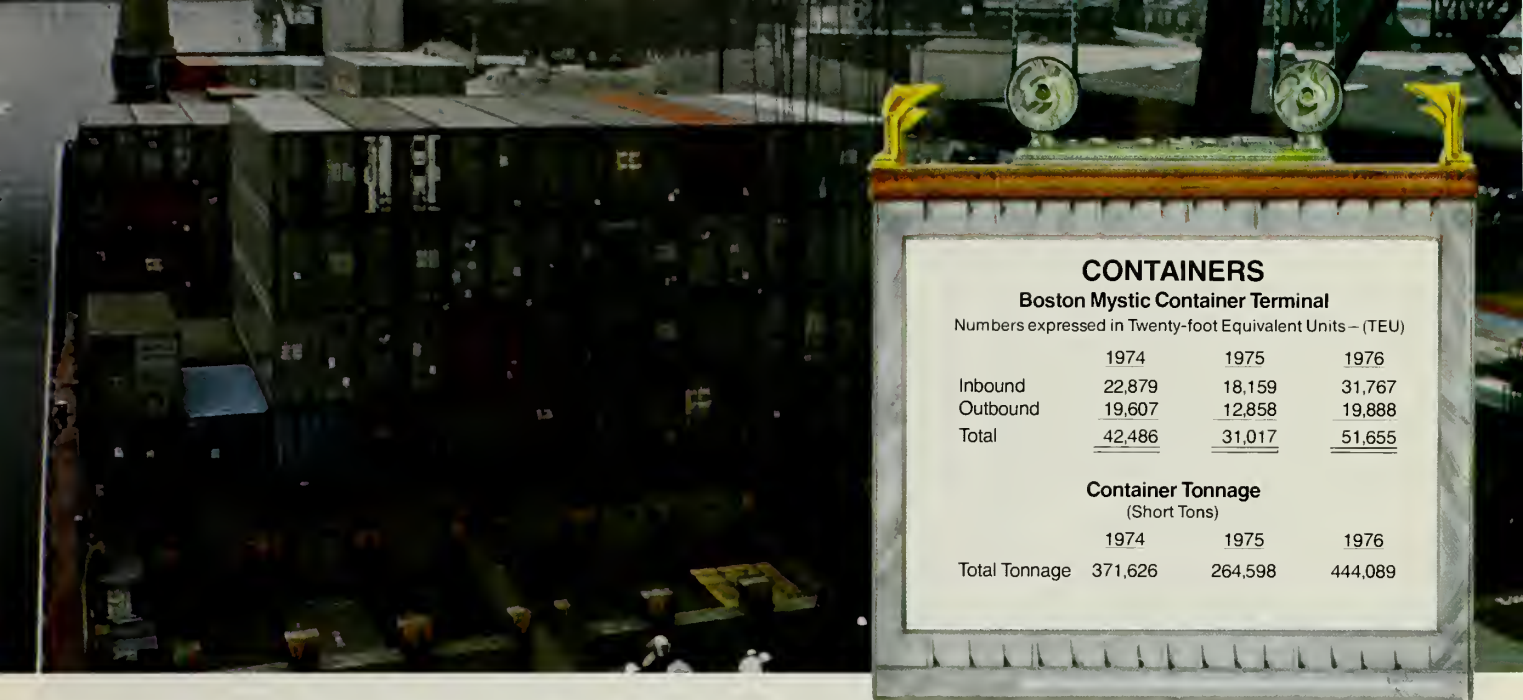
From nearly every part of the Western Hemisphere 30 square riggers, barks, barquentines and a variety of other sailing ships, replicas from a century or more ago, glided through Presidents Roads on their way to participate in Boston's Bicentennial celebration. Thousands of people crowded Massport's waterfront facilities at Castle Island, the Boston Army Base, the Boston Fish Pier, Commonwealth Pier, East Boston Piers and Logan Airport's Bird Island Flats with thousands more spectators crisscrossing the harbor in small fiberglass boats — vintage 1976. Heard as often as comments about the awe inspiring wooden ships was the question — will Boston Harbor ever again be the prominent world port that it was in times past. Probably so if Massport has its way.



## A VISIT FROM THE LAST CENTURY







## CONTAINERS

### Boston Mystic Container Terminal

Numbers expressed in Twenty-foot Equivalent Units – (TEU)

	1974	1975	1976
Inbound	22,879	18,159	31,767
Outbound	19,607	12,858	19,888
Total	<u>42,486</u>	<u>31,017</u>	<u>51,655</u>

### Container Tonnage (Short Tons)

	1974	1975	1976
Total Tonnage	371,626	264,598	444,089

# A NEW PORT OF BOSTON

Massport's new Port advertising campaign starts "The Contender" is always in your corner..." The "Contender" is, of course, the Port of Boston and it articulates precisely the aggressive attitude toward maritime development (and introspection) that currently exists at Massport.

It is the Port's first mile in what undoubtedly will be a long and arduous voyage across at least some uncharted waters but unprecedented research and analysis of the Port's substantive problems—past and present and selective development projects that respond directly to this region's needs and opportunities indicate that the venture can produce large economic rewards for the Commonwealth and New England.

For a variety of reasons, Boston had been unable to maintain its competitive position with other U.S. east coast deep-water ports even in markets that geographically should belong to Boston. For instance, within that primary market area which is generally defined as being all of New England, south to Hartford, Connecticut, this port receives only about one-third the cargo which it should. Beyond these primary market boundaries, this Port's ability to compete with others has been extremely limited yet there is every reason to believe that Boston could compete effectively in its secondary market areas

as well—upstate New York and into the midwest—for many cargo classifications. To this end Massport engaged an agent in Chicago to more efficiently compete in the midwest.

During this past year, Massport engaged in far ranging studies to more precisely identify its Port problems.

Although only a few months into its broad and aggressive revitalization programs, Massport has marked several areas for high priority corrective action or development programs.

**Port costs**—Few factors attract or repel business in a port more quickly than the cost of using facilities, whether that cost is borne by steamship lines or shippers or importers. Until recently, Boston suffered from the unenviable reputation of being the highest cost Port—with few redeeming features—in North America.

With a long overdue stabilization of waterfront labor/management relationships, which appears to be developing into an attitude of mutually enthusiastic cooperation, one of the major sources of high port costs and comparatively low productivity is diminishing rapidly. The unprecedented cooperation is perhaps best illustrated by the fact that no time was lost due to work stoppages in fiscal 1976.

Also in this fiscal year, each Port facility has been subjected to study to

1) eliminate costly duplication of administrative functions, and 2) ensure the most appropriate and efficient use of each facility. As a result of these investigations, Massport's Port operating losses have been reduced from over \$500,000 in fiscal 1975 to approximately \$200,000 in this fiscal year.

**Federal agencies and Congress asked to assist**—Why little or no action has been taken on Port of Boston problems that are clearly within the power of the Congress, or one of several federal agencies, to resolve isn't quite clear, but the urgency of their resolution is and Massport is making intensive efforts to gain the necessary recognition and assistance.

**1.** New England is the only region in the continental U.S. that does not have a "favored port" designated to carry on competitive trade with the U.S.S.R., yet 33 other smaller ports in the United States have such status. ("Favored port" status is designated by the U.S. Department of Commerce and means a port which can accept a Russian ship with a minimum of four days' notice. All other ports, including Boston, must receive notification at least 14 days in advance of arrival.)

With the growth of Russia in world trade involving maritime transportation, and in particular with the U.S., Boston's reclassification as a "favored port" is an



McALLISTER TRANSPORTER

70 ton capacity Hatachi container crane at Moran Terminal handles 30 containers per hour.

essential requirement if it is to compete effectively.

2. Less than one percent of the cargo shipped through the Port of Boston travels on rail to and from dockside.

Although many shippers and importers, particularly those located at more

distant inland points such as Chicago, would like to take advantage of the improved services and facilities offered in Boston, it currently costs \$100 more per container to ship through Boston via rail than through otherwise competitive East Coast ports such as New York,

Philadelphia, Baltimore or Norfolk. Again, if Boston is to compete fully and fairly, these rail rates must be equalized.

3.° As the practice of international integrated manufacturing and assembling becomes more common to meet changing political, economic and mar-

## CONTAINERS—Total Port of Boston

Numbers expressed in twenty-foot Equivalent Units (TEU)

	1974	1975	1976
Inbound	42,341	28,648	42,675
Outbound	33,526	17,229	24,969
Total	75,867	45,877	67,644

## Container Tonnage—(short tons)

	1974	1975	1976
Inbound	387,594	251,152	376,548
Outbound	291,421	149,720	213,581
Total	679,015	400,872	590,124



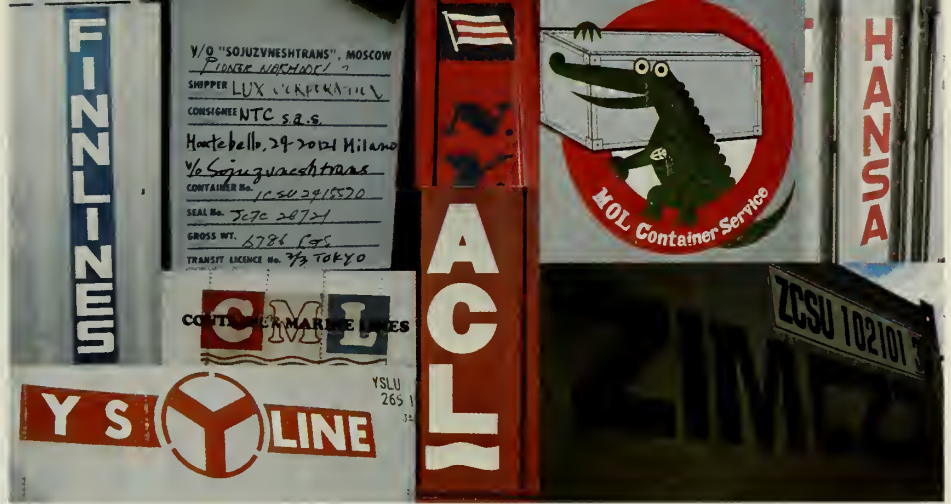
keting patterns, the establishment of a Foreign Trade Zone in Boston, which has the water depth to accommodate deep draft vessels, could have a positive impact on the local employment and economy and increase Boston's stature as a full service port. (Simply, a Foreign Trade Zone is a secured area, occupied by any number of companies, where imported products can be assembled or remanufactured and then exported without duty charges.) It is Massport's plan to construct such a trade zone on five to eight acres of land at the South Boston Naval Annex upon receiving a favorable response to its application from the U.S. Department of Commerce's Foreign Trade Board. °At the time of printing this report the application for a Foreign Trade Zone had been approved by the U.S. Department of Commerce.

4. Although Boston can accommodate 40 foot draft vessels, maintenance dredging of the Harbor channels and the dredging of some areas beyond 40 feet is essential and urgent if Boston is to be able to continue to operate without vessel draft restrictions.

These critical maintenance and port improvement requirements were detailed and presented to the U.S. Army Corps of Engineers by Massport and other port interests. The Corps is currently reviewing the Massport representations and will determine, probably by October 1977, whether or not sufficient need exists and if so, the amount of funding that will be allocated to the project.



Crane operators are the key to fast, safe container handling at Moran Terminal.



## New Flags Fly in the Port

Cargo ships don't wander up and down the coast, casually dropping into a port to see if any cargo is available—not when it can cost up to \$35,000 per day to maintain routine operation of a vessel. A steamship line's decision to commit to regular service at a particular port is made only after it is proven that a port has the ability to operate at competitive costs, produce profitable cargo on a continuing basis and have it handled by a reliable waterfront labor force.

It is apparent that these criteria have been met here for in the last half year 7 new container and break-bulk general

cargo lines have committed to regular service at Boston (several have already increased their calls). It is the largest number of lines to schedule service in so short a period in the recent history of the port and it brings the total number of lines regularly calling at Massport piers to 31. Besides being a solid indicator of the steamship lines' restored faith in Boston, it increases the total number of world ports on six continents served directly from Boston to nearly 200. Negotiations are currently being carried on between Massport and several other lines to increase that number.

## South Boston Naval Annex / Army Base

Probably no project offers as much potential for major and lasting revitalization of the Port of Boston than the possible development of the 100 acre South Boston Naval Annex, recently closed and declared surplus property by the Navy Department and the 35 acre Army Base which will be declared surplus shortly. Massport is negotiating with both the federal government and the City to develop these properties for seaport purposes.

The Naval Annex and the Army Base, with sufficient water depth, backland, existing rail lines and a proposed new access road is an economical and logical location for Boston's future public container operations.

Its location in the harbor closer to the open ocean than Mystic would substan-

tially reduce the amount of time ships would have to spend getting to and from their pier. Wide expanses of navigable water in front of the Naval Annex and the Army Base would make docking operations easier and could even eliminate the need for tugs for some smaller vessels. As many as four cranes could be located on this property.

There are proposals for other types of development of the property being offered by other government agencies, however, the alternative locations available for the construction of additional major containers facilities that are compatible with total harbor development so necessary for the vitality and viability of Boston as a major container port are practically nonexistent.

# Roll On- Roll Off

Each time a container is stacked, re-stacked or loaded onto a truck chassis another charge is added to the total shipping cost of that container and there is increased congestion and a reduction

in the total container handling capacity of the Port.

Believing that a port should be a conduit and not a warehousing or storage yard, Massport plans to develop a more efficient container handling system which will help to reduce shipping costs and delivery time for shippers and increase the Port's total capacity. It is called "Roll-on, Roll-off."

Instead of being lifted off the ship by crane, containers and their chassis are driven onto the ship over a ramp dropped from the bow of the ship. Upon

reaching the destination the operation is reversed. The chassis on which the container has traveled is immediately connected to the truck cab and driven directly onto the pier for immediate delivery to its inland destination.

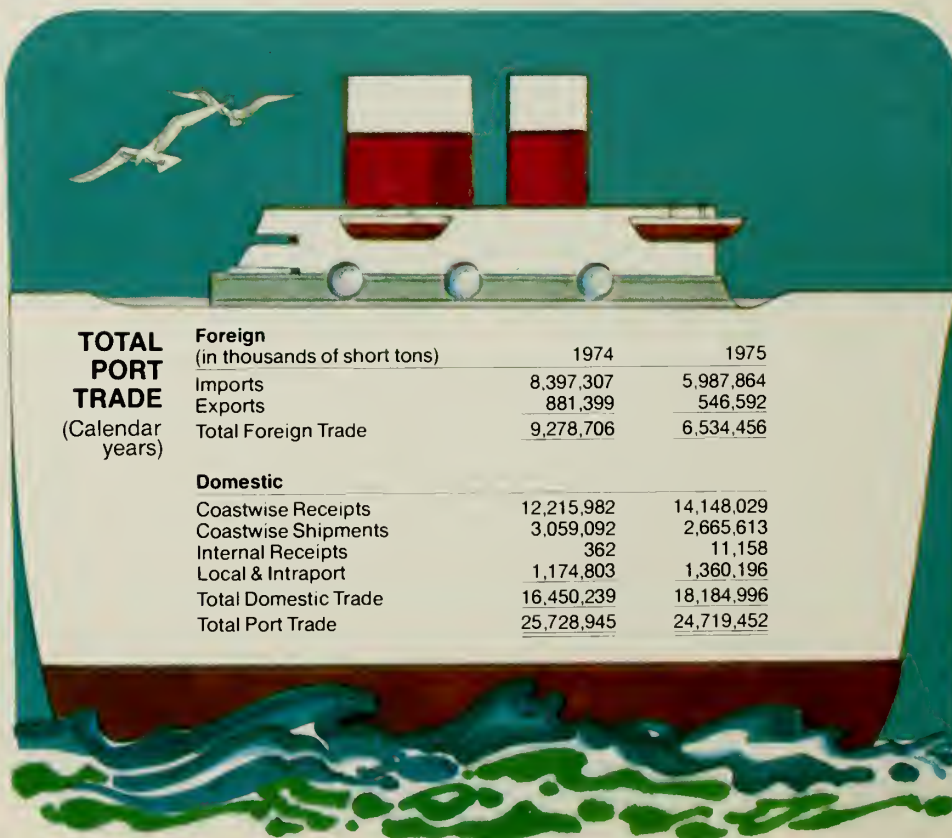
While the site for the new Roll-on, Roll-off facility has yet to be selected, it is expected that the total cost for land and equipment will be \$2 million, about five times less than a conventional container crane handling facility of approximately the same size such as Massport's Mystic Container Terminal.



Massport's Castle Island New England's largest foreign auto import terminal.



Lumber for New England arrives from Scandinavia, British Columbia and other parts of the world at Castle Island Terminal.





# THE PORT OF BOSTON. WE DIDN'T BECOME 'THE CONTENDER' BY SITTING ON OUR DOCKS.

The Champion's not as quick as he used to be.

Instead of spending hours on the dock, your shipments can lay around for days. And time lost is money lost. So maybe it's time you put "The Contender" in your corner — the new Port of Boston.

## **You can't beat our roadwork.**

The Port of Boston has a complete network of non-stop interstate superhighways to New England and the U.S.

All right next to Massport's \$25 million Boston-Mystic Container Terminal. (We've also got two railroad lines at pierside.)

If you're shipping to or from upstate New York, don't let the map fool you. The Champion may be a few miles closer, but our uncongested highways can make us hours closer.

## **We never drop our guard.**

Our security force works 24 hours a day under the direct supervision of the Massachusetts State Police. As a result, not one container has ever been stolen from a Massport terminal or pier.

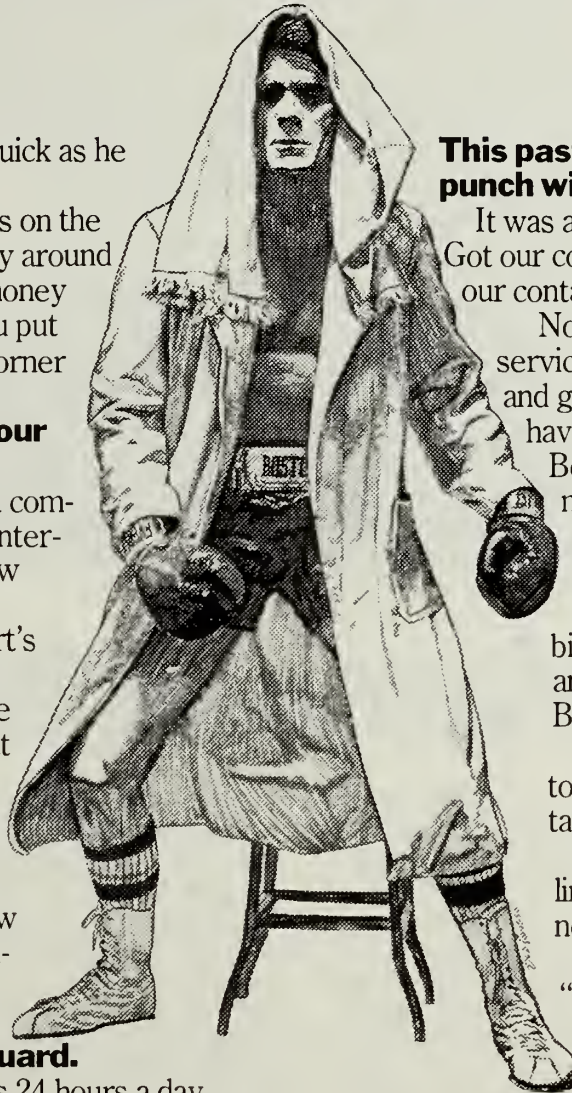
You can't protect yourself better than that.

## **You can't find a better price fighter.**

Not only can we get your cargo to and from Europe faster than any other port (our terminal is just 8 miles from the open sea).

We can do it cheaper.

Our port charges are designed to give us the competitive edge over other East Coast ports.



## **This past year, we've added new punch with 7 more shipping lines.**

It was a tough fight, but we finally did it. Got our container imports in balance with our container exports.

Now the 31 shipping lines that service us can make money coming and going. And since 7 more lines have been coming and going to Boston this past year, the money must be *very* good.

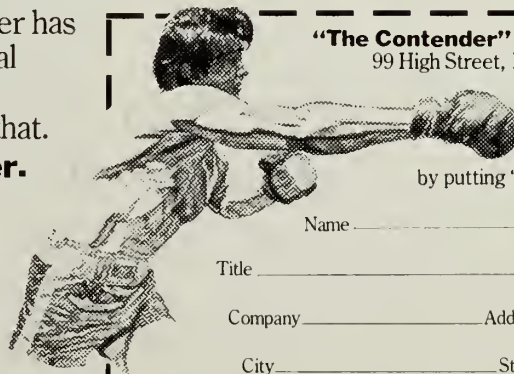
## **We'd like a shot at your business.**

Send us your latest shipping bill (with the coupon below), and we'll send you a Port of Boston representative.

He'll work closely with you to customize a *total* transportation cost for your company.

Then compare our bottom line with the bottom line you're now paying.

If that doesn't put you in "The Contender's" corner, nothing will.



**"The Contender" The Port of Boston**  
99 High Street, Boston, MA. 02110

Okay, here's my latest shipping bill. Now show me how much I can save by putting "The Contender" in my corner.

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_ Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

## **BOSTON. 'THE CONTENDER'**

massport A Massport facility. (617) 482-2930



# Tobin Memorial Bridge:

In 1947, \$27 million in bonds were sold for the construction of the 1½ mile-long Mystic River Bridge. It would eventually connect the Central Artery and the Northeast Expressway, providing North Shore commuters, truckers and other motorists with a badly needed fast and uncongested access to residences, businesses and resorts north of Boston.

The Mystic River Bridge (revenue bond) Authority was created by the Legislature in 1946 to handle the financing, oversee construction and operate the Bridge as a toll-charging, income-producing facility.

In 1956 the Legislature set about creating yet another revenue bond authority—the Massachusetts Port Authority—to develop and operate Logan International Airport, the public marine terminals in the Port of Boston and the general aviation-oriented Hanscom Field in Bedford. Unlike the Bridge Authority, however, these important commercial air/maritime facilities were operating at substantial deficits thereby prohibiting the creation of a Port Authority because of the facilities' inability to meet the stringent financial requirements for selling bonds. To guarantee that bond obligations could be met—and the original purpose for creating the Massachusetts Port Authority achieved—a substantial revenue producing facility had to be included before the Massachusetts Port Authority could become a reality.

This requirement was met by the Legislature by dissolving the Mystic River Bridge Authority, transferring the Bridge to the Massachusetts Port Authority as its only profitable facility (at that time) and retiring the Bridge bonds with money raised through the sale of bonds by the newly-created

Massachusetts Port Authority.

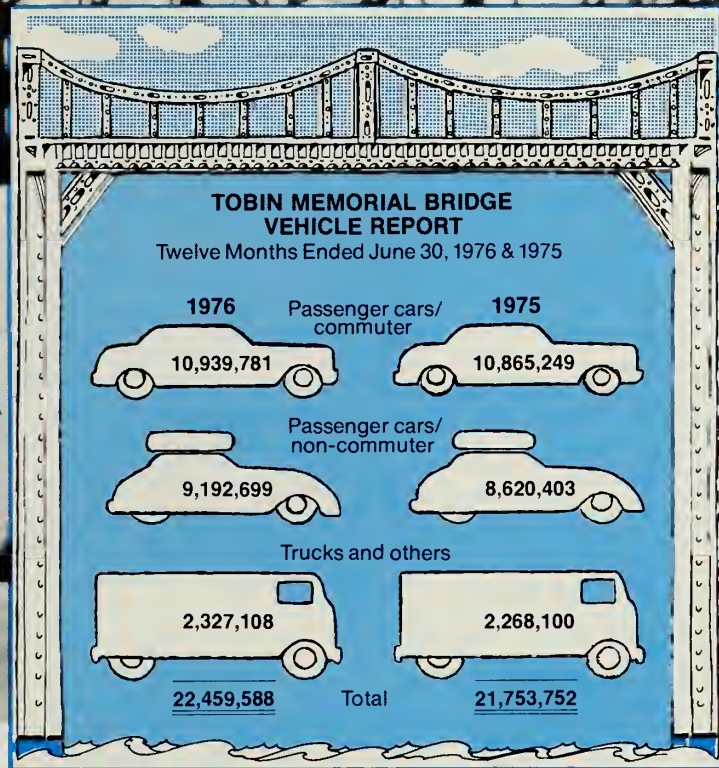
Now, seventeen years after the Massachusetts Port Authority was formed (and since 1974), reduced traffic (attributable to the opening of the free Interstate route 1-93 which competes for several miles with much of the same traffic as the Bridge) and rising maintenance and operating costs have caused the Bridge to become a cash drain. Policies established by the Commonwealth and by the Environmental Protection Agency aimed at cutting the use of single passenger vehicles in order to reduce pollution and conserve energy, combined with revenue loss and increased operating costs caused the Authority to consider a change in the commuter toll system.

The objectives of the change were 1) to raise additional revenues to allow the Bridge to once again become financially self-sustaining; 2) to develop the new toll structure in such a way as to provide incentives for car poolers, and; 3) to allow for greater revenue control by eliminating the existing commuter sticker and introducing commuter ticket books. No increase was proposed for noncommuters.

The change from stickers to books would not have increased tolls for regular commuters (*at least* 20 trips over the Bridge per month) but it would have required the casual commuter (*less* than 20 trips per month) to pay the full 25¢ non-commuter passenger car fare vs. 15¢ which was allowed with a sticker.

An average year previously about 62 percent of private passenger cars would have stickers and 38 percent were non-commuters. The institution of the commuter books





# Boston's link with the North

would have changed that ratio substantially to a projected 25 percent commuter and 75 percent non-commuter, eventually leveling off to 20 percent to 80 percent.

Opposition to the changes was immediate, and on July 15, 1976 the Massport board voted to extend the current sticker system to March 31, 1977 to permit additional examination and public discussion of the issue.

Improved operating efficiency and costs and tighter revenue control are also the objectives of a proposal currently before the Massport board which would transform three of the seven toll booths on each level of the Bridge into automatic toll collection stations. The automatic toll system would be for use by noncommuter private passenger cars only. All other vehicles would continue to use manned booths. The automatic system would result in a significant annual savings in salaries and other personnel related costs. There would be no reduction in the full-time employee staff.

Inspections of the Tobin Bridge to ensure structural integrity have been conducted annually for the last 25 years by Massport's consulting engineers. Following a quarter century of use and exposure to the elements, Massport engineers and consulting engineers, with special bridge structure experience, are carrying out an even more detailed inspection of all structural components in an effort to identify and repair minor defects resulting from wear and weather to eliminate the need for major repairs in the future and to ensure that the current high level of safety is maintained for the millions of motorists who use the Bridge annually.

The inspection process commenced in the spring of 1975

and is expected to be completed within four years. Any components requiring repair are also treated with a new, corrosion-resistant priming and painting process. Major routine painting of the Bridge, required about every seven years, will begin in 1977 and will continue for three construction seasons.

Chelsea, one of the two communities where the Tobin Bridge is located, has suffered an economic decline in recent years, climaxed over a year ago by a major fire which devastated much of its industrial area and by the decision of the Navy Department to close the Chelsea Naval Hospital, a substantial contributor to the local economy.

The lack of automobile parking spaces has had a serious negative effect on the development of Chelsea's downtown business district and Massport has rehabilitated a parcel of its land, adjacent to the Bridge and also to downtown Chelsea, with lighting, stripping, fencing and the installation of an attendant's booth to provide 54 new parking spaces for the public. An additional area large enough to accommodate another 100 spaces for business and residential parking is being prepared by the Port Authority.

Other continuing contributions to the Chelsea community include a police cruiser every two years and a vehicle for the fire department every four years. Equipment and personnel from the Logan Airport Fire Department have responded, free of charge, to all fire emergencies in Chelsea upon request. Massport maintenance vehicles and personnel from the Bridge have also been made available to the City for emergency snow removal operations.



# A Busy Year for the Members of Massport

The Enabling Act under which the Massachusetts Port Authority was formed assigns the ultimate responsibility for the creation and implementation of the agency's policies to a seven-member, non-paid board. The combined expertise of these members provides the overall direction and coordination for the Authority's planning, operational, environmental and financial activities.

The increasing complexity and diversity of Authority operations and the urgent need to consider more fully the social and environmental effects of Authority actions have placed heavier demands on the members which could not be met adequately with just one brief monthly meeting. The activation of four committees, each meeting at least once, and frequently several times, a month, has resulted in a substantial improvement in the efficiency, effectiveness and speed with which Members' responsibilities are met and Authority projects accomplished.

The committees provide:

1. More comprehensive analyses of a wider range of proposals and problems;
2. The development of short-and long-term objectives based on thorough research, analyses and review;
3. More precise identification of inter-departmental relationships and dependencies;
4. The opportunity to seek and consider a broader range of alternatives in the accomplishment of objectives, and;
5. The earlier and more precise identification of potential problem areas.

The committees are: public affairs; personnel; finance and business development, and; facilities. The chairman, Dr. James Alan Fay is an ex officio member of all committees and chairman of the facilities committee.



James S. Hoyte, secretary-treasurer and William F. Lyden, member



David W. Davis, executive director

## Public Affairs

Ann M. Hershfang, chairperson  
Reverend Albert J. Sallèse

Until the committee was formed, no avenue was available for the orderly presentation and discussion of community concerns and problems nor did any opportunity exist for community participation in the Authority's decision-making process although many of the decisions would have a substantial and lasting impact on the quality of life in these communities. This void too impaired the Authority's ability to carry out its legislative mandate, for without a complete revelation of the Authority's plans, responsibilities and limitations, neither governmental nor public support could be gained for the many necessary development projects.

Although its responsibilities are extensive, this committee has placed its highest priorities on the reduction of aircraft noise in the communities surrounding Logan, assistance in a variety of forms to the communities so long impacted by the effects of aircraft noise and the divestment of Massport's off-airport properties which are not related to airport or other Authority operations.

While substantial noise reduction is being accomplished through changes and in aircraft operational procedures, both in the air and on the ground, the lack of timely and precise noise level information on each arriving and departing aircraft was, until 18 months ago, a major obstacle to achieving greater noise reduction and control. Based on staff recommendations this committee devel-

oped policy leading to the introduction of an Automatic Noise Monitoring System (ANMS) to provide required data. The information produced by the ANMS has resulted in a number of positive steps leading to greater noise reduction. Several airlines have modified takeoff procedures. Complaints of aircraft-generated ground noise nearly all have been eliminated. Computer programs have been designed to help modify approach and departure tracks. And better cooperation between the airlines, Massport and the Federal Aviation Administration (FAA) on the subject of noise control now exists because of the availability of accurate noise data.

The committee is also actively pursuing development programs which benefit the communities and to this end was largely responsible for the development of Massport's involvement in the East Boston Neighborhood Community Health Center. Responding not only to FAA recommendations to U.S. airports to increase medical resources available for emergencies, Massport entered into agreement whereby it will pay \$120,000 annually over the next ten years for services made available to the airport by the Center. This support for the Center



Rev. Albert J. Sallèse, vice chairman

also translates into better community health services throughout East Boston.

Although not originally responsible for the Neptune Road Relocation policy, this committee has been assigned the responsibility for its progress. To date Massport has purchased 32 of the 66 houses in the heavily noise-impacted area and assisted tenants as well as owners in relocating to adjacent neighborhoods or other areas.

It is also the responsibility of this committee to carry out the policy con-



tained in the Logan Airport Master Plan relating to the divestment of off-airport properties not essential for airport-related use. These properties, such as the Belle Isle marsh and parcels in the Jefferies Point area will be sold, leased on a long-term basis for recreational or other public use, or exchanged for properties more closely related to actual Authority needs.



Dr. Arthur Gelb and Ann Hershfang, members

### Personnel

Reverend Albert J. Sallese, chairman  
William F. Lyden, Denis A. Blackett,  
Ann M. Hershfang

Massport employs approximately 800 people, many of whom are represented by one of several unions. The committee is responsible for evaluating and recommending all salary increases of employees making over \$12,000 per year, establishing benefits policies for non-union employees and for reviewing unusual personnel problems.

Of priority concern to this committee is the establishment and responsibility for staff implementation of Affirmative Action programs that conform to Federal and State laws and which will lead to increased participation by minorities and women in the work force of the Authority. The committee ensures that residents of the communities affected by the Authority's operations are effectively drawn upon in filling the Authority's personnel needs.



Denis A. Blackett, member

### Financial and Business Development

Michael W. Christian, chairman  
Denis A. Blackett, Dr. Arthur Gelb

Massport, as mandated by its Enabling Act, must maintain financial self-sufficiency, i.e. it cannot use tax monies or pledge the credit of the Commonwealth for any aspect of its operations or development projects.

While most Authority facilities and functions respond favorably to the test of profitability, some public commercial transportation services provided by Massport are not inherently or potentially profitable yet they are essential to the transportation needs of the region. It is, therefore, the primary responsibility of this Committee to ensure that the delicate balance between financial stability and growth, an ability to meet financial obligations and the need to provide necessary transportation services is maintained.

Besides its routine procedures of capital and operating budget reviews, annual auditing reviews and financial planning and reporting, the Committee is also responsible to the Members' recommendations regarding proposed bond issues and for overseeing the major elements associated with the actual sale of the bonds. As a dynamic agency, it is apparent that additional issues will be re-

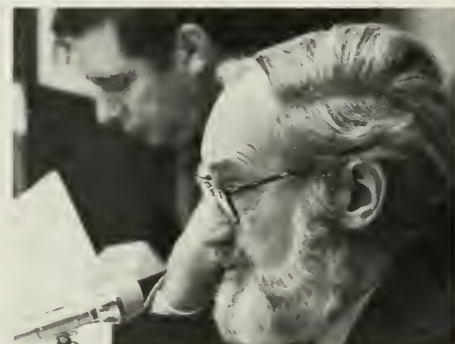


Michael W. Christian, member

quired for the development of a major consolidated container facility in the Port of Boston, and for other development and maintenance projects. In this effort, the Committee must ensure that the Authority can meet certain stringent tests to allow it to enter the bond market, that the most favorable rates are received and that the Authority's financial posture and reputation are maintained at a level that will assure acceptance in a competitive marketplace.

The Authority, through this Committee, which also is concerned with business development, and a newly-created marketing department is working with the state and local governments and industries to develop new business oppor-

tunities that may exist with the presence of superior domestic and international aviation and maritime facilities and services in Boston and with the aid of Massport offices in New York, Washington and Europe and affiliates in Chicago and the Far East. By making available the experience, established relationships and other resources of the Authority to local industry, it is anticipated that new product opportunities, market expansion possibilities and other benefits will accrue to Massachusetts business that will ultimately result in more job opportunities and income to the Commonwealth.



Dr. James Alan Fay, chairman

### Facilities

Dr. James Alan Fay, chairman  
Michael W. Christian, Denis A. Blackett

Created recently as a control mechanism to guarantee coordination of the short- and long-term financial planning functions of the Authority, the Facilities Committee also determines, after staff consultation, project priorities where necessary. The Committee is concerned not only with overall and detailed assessments and review of the much publicized multi-million dollar Authority programs but it reviews *all* capital investment proposals requiring expenditures in excess of \$15,000. This is a particularly critical function when development must be weighed against maintenance.

Massport, when it was activated in 1959, inherited many properties that were already in need of repair if they were to remain functional. Since 1959 even the "almost new" properties, such as the Tobin Memorial Bridge, require extensive maintenance. The Facilities Committee, then, must determine where available monies must be spent, i.e. essential maintenance or development opportunities. It is a complex process but an essential one if the Authority's financial stability is to be preserved and an organized planning process is to be maintained.



massport

99 High Street, Boston, MA 02110



# Financial Report of the Massachusetts Port Authority for the year ended June 30, 1976

## Massport Financial Highlights

	1976	1975
	(Millions of Dollars)	
Gross revenues, including investment income . . . . .	<b>\$ 55.1</b>	\$ 50.1
Costs of all operations . . . . .	<b>26.5</b>	25.0
Available for capital projects and debt service . . . . .	<b>28.6</b>	25.1
Funds distributed for:		
Capital projects (Improvements and major maintenance) . . . . .	<b>10.6</b>	7.8
Debt service including required retirement . . . . .	<b>16.6</b>	16.8
Capital invested in facilities . . . . .	<b>441.7</b>	415.3
Outstanding funded debt . . . . .	<b>301.5</b>	308.9

The following audited financials reflect two accounting formats for the same fiscal year ending June 30, 1976. The first presentation is according to the requirements of the Trust Agreement and is similar to those presentations made in the past. The second format is according to generally accepted accounting principles and differs with the Trust Agreement due, among other factors, to the inclusion of depreciation, interest on bonds and a pension liability. (See Notes A and B of Notes to Financial Statements).

## Auditors' Report


### Coopers & Lybrand Certified Public Accountants

Massachusetts Port Authority  
Boston, Massachusetts

We have examined the balance sheets of Massachusetts Port Authority as of June 30, 1976 and 1975, the related statements of income and changes in fund balances and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Massachusetts Port Authority at June 30, 1976 and 1975, and the results of its operations, changes in its fund balances and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

The financial statements referred to in the foregoing opinion are set forth on pages 7/F to 15/F inclusive of this report. The accompanying supplemental financial data included in this report on pages 2/F to 6/F and 11/F to 15/F inclusive, which are prepared in accordance with the accounting principles required by the Trust Agreement as described in Note A of Notes to Financial Statements and Supplemental Financial Data, are not necessary for a fair presentation of financial position, results of operations, changes in fund balances and changes in financial position in conformity with generally accepted accounting principles and are presented primarily as additional analytical data. This additional information has been subjected to the audit procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in conformity with the accounting principles required by the Trust Agreement as described in Note A of Notes to Financial Statements and Supplemental Financial Data applied on a consistent basis.



Boston, Massachusetts  
September 17, 1976  
(Except for Note H which is  
dated February 21, 1977)



**Supplemental Financial Data****Statement of Assets, Liabilities and Funds**

June 30, 1976 and 1975

(Prepared in Accordance with Accounting Principles Required by the Trust Agreement — Note A)

	1976	1975
	(In Thousands)	
<i>Assets</i>		
Cash .....	\$ 294	\$ 714
Investments in U.S. Government obligations and certificates of deposit, at amortized cost, which approximates market .....	57,860	75,036
Other assets:		
Accounts receivable, less allowance for doubtful accounts of \$301,000 in 1976 and \$560,000 in 1975 .....	5,122	3,602
Accrued interest receivable .....	588	681
Prepayments and other assets .....	951	922
	<u>64,815</u>	<u>80,955</u>
Investments in facilities (Notes A, D and G):		
Facilities completed:		
Airports .....	334,561	271,870
Bridge .....	42,829	34,455
Port .....	38,078	37,458
Construction in progress .....	26,274	71,498
	<u>441,742</u>	<u>415,281</u>
Total assets .....	<u>\$506,557</u>	<u>\$496,236</u>
<i>Liabilities</i>		
Accounts payable and accrued expenses .....	2,546	1,914
Retainage on contract payments .....	3,247	3,809
Deferred income .....	127	134
Accrued interest payable .....	7,995	8,174
Funded debt (Note E) .....	301,525	308,910
Contingent liabilities and commitments (Notes F, G and H) .....	—	—
Total liabilities .....	<u>315,440</u>	<u>322,941</u>
<i>Funds</i>		
Operating funds .....	9,792	8,360
Interest and sinking fund .....	25,872	25,631
Improvement and extension and maintenance funds .....	78,101	70,375
Construction and other capital funds (Note D) .....	77,352	68,929
Fund balances (Note C) .....	191,117	173,295
Total liabilities and fund balances .....	<u>\$506,557</u>	<u>\$496,236</u>

*The accompanying notes are an integral part of this supplemental financial data.*

**Supplemental Financial Data**

**Statement of Changes in Fund Balances**

for the years ended June 30, 1976 and 1975

(Prepared in Accordance with Accounting Principles Required by the Trust Agreement—Note A)

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*Fund balances as of the beginning of year were* .....

Funds were provided from:

Revenues .....

Investment of unexpended construction funds .....

Federal Aviation Administration grants-in-aid of construction .....

Proceeds from sale of land (Note G) .....

Funds were paid to the Commonwealth of Massachusetts for sale of land (Note G) .....

Funded debt was purchased from revenues and retired:

\$5,390,000 term bonds purchased for \$3,896,000 in 1976 and \$5,640,000 term bonds

purchased for \$4,179,000 in 1975 .....

\$1,995,000 serial bonds in 1976 and \$1,545,000 serial bonds in 1975 .....

Funds were used for:

Interest on funded debt:

Total interest paid and accrued was \$16,122,000 (\$16,498,000 in 1975) of which

\$5,649,000 in 1976 and 1975 represents interest capitalized on projects under construction .....

Cost of major maintenance and repairs of properties .....

Cost of research studies .....

*Fund balances as of the end of the year are (Notes C and D)* .....

*The accompanying notes are an integral part of this supplemental financial data.*



1976

Operating Funds	Interest and Sinking Fund	Improvement and Extension and Maintenance Funds	Construction and Other Capital Funds	Combined Total	1975 Combined Total
(In Thousands)					
\$8,360	\$25,631	\$70,375	\$68,929	\$173,295	\$156,628
1,433	16,605	10,591		28,629	25,076
			1,038	1,038	2,828
		1,858		1,858	1,696
			196	196	—
			(196)	(196)	—
	(3,896)		5,390	1,494	1,461
	(1,995)		1,995	—	—
	(10,473)			(10,473)	(10,849)
		(4,723)		(4,723)	(3,449)
(1)				(1)	(96)
<u>\$9,792</u>	<u>\$25,872</u>	<u>\$78,101</u>	<u>\$77,352</u>	<u>\$191,117</u>	<u>\$173,295</u>

**Supplemental Financial Data****Statement of Sources and Uses of Revenues and Other Income**

for the years ended June 30, 1976 and 1975

(Prepared in Accordance with Accounting Principles Required by the Trust Agreement – Note A)

*Revenue of the Authority's facilities came from*

Tolls, fees and sales of services .....

Rentals .....

Concessions .....

Other .....

In addition, the Authority earned income on the investment of funds held for debt service,  
facility improvements and operations .....

*Total revenue and investment income were**Used to pay current expenses (Note C):*

Operations and maintenance .....

Administration .....

Insurance .....

*Balance available for distribution to following funds in accordance with requirements of the Trust Agreement:*

## Interest and sinking fund:

Interest on funded debt .....

Required retirement of funded debt .....

Debt service reserves .....

## Improvement and maintenance funds:

Major maintenance and repairs of properties and operating equipment acquisitions .....

Improvement and extension of facilities .....

Port properties fund .....

Increase (decrease) in operating funds .....

†Does not include interest on funded debt (net) and cost of major maintenance and repairs of properties aggregating \$15,196,000 in 1976 and \$14,298,000 in 1975 charged directly to fund balances (see pages 3/F to 4/F).

\*None of the revenue from Port properties is available for debt service other than interest and principal requirements for all bonds issued for paying the cost of improvements to Port properties. Under the Enabling Act, the revenues from Port properties, after certain deductions as defined therein, are to be paid to the Commonwealth of Massachusetts (Note G).

The amount to be paid to the Commonwealth is determined annually on July 20th based on cash revenues and cash expenditures of the Port properties for the preceding fiscal year, less any accumulated deficit from prior years. For the fiscal year ended June 30, 1976 there is no payment due to the Commonwealth as shown by the following computation:

<i>Cash revenues:</i>	(In Thousands)	
Fees and rentals .....		<b>\$ 8,438</b>
<i>Cash expenditures:</i>		
Current expenses .....	<b>\$8,859</b>	
Cost of renewals, replacements and equipment .....	<b>872</b>	
Debt service .....	<b>1,862</b>	<b>11,593</b>
Deficit for fiscal year ended June 30, 1976 (Note G) .....		<b>(3,155)</b>
Prior years' deficit .....		<b>(8,373)</b>
<i>Total Port properties deficit (Note G) .....</i>		<b><u>(\$11,528)</u></b>



## 1976

<u>Bridge</u>	<u>Airport Properties</u>	<u>Port Properties*</u> (In Thousands)	<u>Combined Total</u>	1975 <u>Combined Total</u>
\$4,918	\$13,359	\$6,967	\$25,244	\$22,411
	11,785	2,079	13,864	13,213
	12,893		12,893	10,726
	364		364	383
<u>\$4,918</u>	<u>\$38,401</u>	<u>\$9,046</u>	52,365	46,733
			2,725	3,331
			<u>\$55,090</u>	<u>\$50,064</u>
1,288	12,045	7,228	20,561	19,170
278	3,212	1,809	5,299	5,387
116	263	222	601	431
<u>\$1,682</u>	<u>\$15,520</u>	<u>\$9,259</u>	26,461†	24,988†
			10,323	10,942
			4,847	4,456
			1,435	1,440
			<u>16,605</u>	<u>16,838</u>
			5,262	940
			<u>5,329</u>	<u>6,811</u>
			<u>10,591</u>	<u>7,751</u>
			—	1,038
			1,433	(551)
			<u>\$55,090</u>	<u>\$50,064</u>

**Balance Sheet, June 30, 1976 and 1975**

(Prepared in Accordance with Generally Accepted Accounting Principles — Note B)

*Assets*

Cash .....

Investments in U.S. Government obligations and certificates of deposit,  
at amortized cost, which approximates market .....

Other assets:

Accounts receivable, less allowance for doubtful accounts of \$301,000  
in 1976 and \$560,000 in 1975 .....

Accrued interest receivable .....

Prepayments and other assets .....

Investments in facilities (Notes B and D):

Facilities completed:

Airports .....

Bridge .....

Port (Note G) .....

Less accumulated depreciation .....

Construction in progress .....

Net investment in facilities .....

Total assets .....

*Liabilities and Fund Balances*

Accounts payable and accrued expenses .....

Retainage on contract payments .....

Deferred income .....

Accrued interest payable .....

Funded debt (Note E) .....

Intrafund balances .....

Contingent liabilities and commitments (Notes F, G and H) .....

Total liabilities .....

Fund balances (Notes C and D) .....

Total liabilities and fund balances .....

*The accompanying notes are an integral part of these financial statements.*



1976

Operating Funds	Interest and Sinking Fund	Construction Improvement, Maintenance and Other Capital Funds (In Thousands)	Combined Total	1975 Combined Total
\$ 280	\$ 5	\$ 9	\$ 294	\$ 714
6,037	33,383	18,440	57,860	75,036
5,122			5,122	3,602
14	480	94	588	681
951			951	922
<u>12,404</u>	<u>33,868</u>	<u>18,543</u>	<u>64,815</u>	<u>80,955</u>
		317,343	317,343	255,996
		44,643	44,643	35,228
		<u>47,188</u>	<u>47,188</u>	<u>45,944</u>
		409,174	409,174	337,168
		<u>(74,934)</u>	<u>(74,934)</u>	<u>(62,722)</u>
		334,240	334,240	274,446
		<u>28,188</u>	<u>28,188</u>	<u>71,498</u>
		362,428	362,428	345,944
<u>\$12,404</u>	<u>\$33,868</u>	<u>\$380,971</u>	<u>\$427,243</u>	<u>\$426,899</u>
6,581		5	6,586	4,465
		3,247	3,247	3,809
127			127	134
	7,995		7,995	8,174
		301,525	301,525	308,910
(56)		56	—	—
			—	—
<u>6,652</u>	<u>7,995</u>	<u>304,833</u>	<u>319,480</u>	<u>325,492</u>
<u>5,752</u>	<u>25,873</u>	<u>76,138</u>	<u>107,763</u>	<u>101,407</u>
<u>\$12,404</u>	<u>\$33,868</u>	<u>\$380,971</u>	<u>\$427,243</u>	<u>\$426,899</u>

**Statement of Income and Changes in Fund Balances**

for the years ended June 30, 1976 and 1975

(Prepared in Accordance with Generally Accepted Accounting Principles— Note B)

	1976	1975
	(In Thousands)	
<i>Revenues:</i>		
Tolls, fees and sales of services .....	\$ 25,244	\$ 22,411
Rentals .....	13,864	13,213
Concessions .....	12,893	10,726
Income on investments, less income on unexpended construction funds of \$1,038,000 in 1976 and \$2,828,000 in 1975 credited to investments in facilities .....	2,725	3,331
Other .....	364	383
	<u>55,090</u>	<u>50,064</u>
<i>Expenses (Note C):</i>		
Operations and maintenance .....	20,564	19,147
Administration .....	5,233	5,326
Insurance .....	601	431
Pension costs (Note F) .....	1,875	1,702
Interest on funded debt, exclusive of \$4,522,000 in 1976 and \$5,649,000 in 1975 charged to investments in facilities .....	11,600	10,849
Research studies .....	1	96
	<u>39,874</u>	<u>37,551</u>
Income before depreciation and extraordinary item .....	15,216	12,513
Depreciation, including \$670,000 in 1976 and \$592,000 in 1975 on assets acquired with Federal Aviation Administration grants-in-aid of construction (Notes B and D) .....	(12,212)	(11,038)
Income before extraordinary item .....	3,004	1,475
<i>Extraordinary item:</i>		
Gain on retirement of funded debt .....	1,494	1,461
Net income .....	4,498	2,936
Fund balances at beginning of year .....	101,407	96,775
Federal Aviation Administration grants-in-aid of construction (Note D) .....	1,858	1,696
Fund balances at end of year (Notes C and D) .....	<u>\$107,763</u>	<u>\$101,407</u>

*The accompanying notes are an integral part of these financial statements.*



**Statement of Changes in Financial Position**

for the years ended June 30, 1976 and 1975

(Prepared in Accordance with Generally Accepted Accounting Principles— Note B)

	1976	1975
	(In Thousands)	
<i>Funds provided from:</i>		
Income before extraordinary item . . . . .	\$ 3,004	\$ 1,475
Adjustments for noncash transactions:		
Depreciation (Notes B and D) . . . . .	12,212	11,038
Funds provided from operations . . . . .	15,216	12,513
Federal Aviation Administration grants-in-aid of construction (Note D) . . . . .	1,858	1,696
(Increase) decrease in other assets . . . . .	(1,456)	3,553
Increase in liabilities other than funded debt . . . . .	1,373	505
Total funds provided . . . . .	16,991	18,267
<i>Funds applied to:</i>		
Cost of facilities, less income on unexpended construction funds . . . . .	28,696	44,595
Retirement of funded debt . . . . .	5,891	5,724
Total funds applied . . . . .	34,587	50,319
Net decrease in cash and investments . . . . .	<u>\$(17,596)</u>	<u>\$(32,052)</u>

*The accompanying notes are an integral part of these financial statements.*

**Notes to Financial Statements  
and Supplemental Financial Data**

The Massachusetts Port Authority is a public instrumentality created by an Act of the Legislature of the Commonwealth of Massachusetts (Enabling Act), effective June 21, 1956. The Authority has no stockholders or equityholders. The provisions of the Enabling Act and the Trust Agreement, as amended and supplemented (Trust Agreement), with the Authority's bondholders govern the disposition of cash revenues.

*A. Accounting Principles — Supplemental Financial Data:*

The provisions of the Enabling Act and the Trust Agreement with the Authority's bondholders prescribe certain accounting principles followed by the Authority in the preparation of the following supplemental financial data:

- Statement of Assets, Liabilities and Funds
- Statement of Changes in Fund Balances
- Statement of Sources and Uses of Revenues and Other Income

Investments in facilities include construction or acquisition costs, financing costs incurred in connection with the issue and refunding of bonds and interest capitalized during construction. Grants for construction from U. S. Government agency and others and interest earned on unexpended construction funds are credited to Construction and Other Capital Funds.

No allowance is made for depreciation of facilities. Annual appropriations from revenues are required for debt service, extraordinary maintenance or repairs, renewals and replacements, and improving, extending and enlarging of facilities. The cost of such items is charged against funds provided from such appropriations.

*B. Accounting Principles — Financial Statements Prepared in Accordance with Generally Accepted Accounting Principles:*

The Authority has adopted the accounting principles prescribed in an Industry Audit Guide issued by the Committee on Governmental Accounting and Auditing of the American Institute of Certified Public Accountants (Committee) in the preparation of its financial statements.

The differences between the accounting principles required by the Enabling Act and the Trust Agreement and those prescribed by the Committee in the determination of net income are provisions for depreciation and interest on funded debt, excluding interest capitalized on projects under construction, pension costs in accordance with generally accepted accounting principles (see Note F), and the inclusion of gains or losses resulting from the retirement of funded debt. Investments in facilities include significant renewals and betterments and are reduced for interest earned on unexpended construction funds and the costs of assets removed from service, net of accumulated depreciation.

The adoption of these practices has no effect upon the disposition of cash revenues of the Authority which is determined in accordance with provisions of the Enabling Act and the Trust Agreement.

Depreciation is provided on the straight-line method based on estimated useful service lives of the related assets beginning generally in the fiscal year following completion of construction. Depreciation has been computed on facilities which have been recorded in the accounts of the Authority (see Note G) including those financed by grants for construction. Depreciation is not a factor in determining the disposition of cash revenues of the Authority.

*(continued)*



*C. Reconciliation of Certain Supplemental Financial Data with Financial Statements Prepared in Accordance with Generally Accepted Accounting Principles:*

Presented below are reconciliations of certain amounts reflected in the supplemental financial data (Trust Statements) with the financial statements prepared in accordance with generally accepted accounting principles.

	<u>1976</u>	<u>1975</u>
	(In Thousands)	
Current expenses —		
Trust Statements . . . . .	\$ 26,461	\$ 24,988
Expenses charged to fund balances in Trust Statements:		
Interest on funded debt, excluding interest capitalized on projects under construction . . . . .	10,473	10,849
Maintenance and repairs of properties . . . . .	323	307
Research studies . . . . .	1	96
Amount not provided in Trust Statements:		
Pension costs (Note F) . . . . .	1,489	1,311
Reduction of interest capitalized on projects during construction . . . . .	1,127	—
Expenses—Statement of Income and Changes in Fund Balances . . . . .	\$ 39,874	\$ 37,551

	<u>1976</u>	<u>1975</u>
	(In Thousands)	
Fund balances—		
Trust Statements . . . . .	\$191,117	\$173,295
Amount credited to fund balances in Trust Statements:		
Interest earned on unexpended construction funds. . . . .	(21,780)	(20,742)
Amounts not provided in Trust Statements:		
Accumulated depreciation . . . . .	(74,934)	(62,722)
Liability for pension costs (Note F) . . . . .	(4,040)	(2,551)
Significant renewals and betterments capitalized . . . . .	19,204	14,804
Completed facilities removed . . . . .	(677)	(677)
Reduction of interest capitalized on projects during construction . . . . .	(1,127)	—
Fund balances—Balance Sheet . . . . .	\$107,763	\$101,407

See Note D for a reconciliation of investments in facilities.

*D. Investments in Facilities, Depreciation and Federal Aviation Administration Grants-in-Aid of Construction:*

Investments in facilities included in the supplemental financial data (Trust Statements) are reconciled in the following tabulation with amounts reflected in the balance sheet prepared in accordance with generally accepted accounting principles.

	<u>1976</u>	<u>1975</u>
	(In Thousands)	
Investments in facilities—		
Trust Statements . . . . .	\$441,742	\$415,281
Amounts charged or (credited) to fund balance in Trust Statements:		
Significant renewals and betterments . . . . .	19,204	14,804
Interest earned on unexpended construction funds. . . . .	(21,780)	(20,742)
Amounts not provided in Trust Statements:		
Accumulated depreciation . . . . .	(74,934)	(62,722)
Completed facilities removed . . . . .	(677)	(677)
Reduction of interest capitalized on projects during construction . . . . .	(1,127)	—
Investments in facilities—		
Balance Sheet . . . . .	\$362,428	\$345,944

Investments in facilities at June 30, 1976 and 1975 comprise:

	<u>1976</u>	<u>1975</u>
	(In Thousands)	
Facilities completed:		
Land . . . . .	\$ 56,016	\$ 55,314
Bridge . . . . .	44,181	34,814
Buildings . . . . .	239,596	178,948
Runways and other paving . . . . .	60,917	60,319
Machinery and equipment . . . . .	8,464	7,773
Accumulated depreciation . . . . .	(74,934)	(62,722)
	334,240	274,446
Construction in progress . . . . .	28,188	71,498
	\$362,428	\$345,944

(continued)

**Notes to Financial Statements  
and Supplemental Financial Data (continued)**
**D. Investments in Facilities, Depreciation and Federal Aviation Administration Grants-in-Aid of Construction (continued):**

Asset lives used in the calculation of depreciation are as follows:

Bridge .....	100 years
Airport facilities—buildings, runways and other paving .....	25 years
Port facilities—buildings and piers ...	25 years
Machinery and equipment .....	10 years

Construction and other capital fund balances reflected in the supplemental financial data include \$16,708,000 and \$14,850,000 at June 30, 1976 and 1975, respectively, of grants-in-aid of construction from the Federal Aviation Administration (F.A.A.). For financial reporting purposes, in accordance with generally accepted accounting principles, construction and other capital funds balances include the undepreciated cost of property acquired with grants-in-aid of construction from the F.A.A. The following table reflects the change in contributions received from the F.A.A. after considering depreciation.

	<u>1976</u>	<u>1975</u>
	(In Thousands)	
Balance at beginning of year .....	<b>\$10,713</b>	\$ 9,609
Contributions received during the year .....	<b>1,858</b>	1,696
Less depreciation for the year on assets acquired with contributions .....	<b>(670)</b>	(592)
Balance at end of year .....	<b><u>\$11,901</u></b>	<u>\$10,713</u>

**E. Funded Debt:**

Funded debt at June 30, 1976 and 1975 is comprised of:

	<u>1976</u>	<u>1975</u>
	(In Thousands)	
Revenue refunding and improvement bonds:		
Serial bonds:		
3.40%, 1975–1976 .....	<b>\$ 1,270</b>	\$ 2,495
3.50%, 1977–1982 .....	<b>8,610</b>	8,610
3.60%, 1983–1989 .....	<b>12,565</b>	12,565
Term bonds:		
3.80%, 7/1/2004 .....	<b>41,370</b>	43,365
	<b><u>63,815</u></b>	<u>67,035</u>

	<u>1976</u>	<u>1975</u>
	(In Thousands)	
Revenue bonds, series 1969-A:		
Serial bonds:		
5.05%, 1975 .....	—	375
5.15%, 1976 .....	<b>395</b>	395
5.20%, 1977 .....	<b>405</b>	405
5.25%, 1978 .....	<b>425</b>	425
5.30%, 1979 .....	<b>445</b>	445
Term bonds:		
5.875%, 7/1/2008 .....	<b>56,125</b>	57,590
	<b><u>57,795</u></b>	<u>59,635</u>

Revenue bonds, series 1971:		
Serial bonds:		
6%, 1975–1981 .....	<b>2,920</b>	3,315
5%, 1982 .....	<b>595</b>	595
5.10%, 1983 .....	<b>620</b>	620
5.20%, 1984 .....	<b>655</b>	655
5.30%, 1985 .....	<b>685</b>	685
5.40%, 1986 .....	<b>745</b>	745
5.50%, 1987 .....	<b>775</b>	775
5.60%, 1988 .....	<b>810</b>	810
5.65%, 1989 .....	<b>850</b>	850
5.70%, 1990 .....	<b>950</b>	950
5.75%, 1991 .....	<b>995</b>	995
5.80%, 1992 .....	<b>1,060</b>	1,060
5.85%, 1993 .....	<b>1,125</b>	1,125
5.90%, 1994–1998 .....	<b>6,670</b>	6,670

Term bonds:		
6%, 7/1/2011 .....	<b>56,885</b>	57,880
	<b><u>76,340</u></b>	<u>77,730</u>

Revenue bonds, series 1973:		
Serial bonds:		
5%, 1976–1984 .....	<b>\$ 8,030</b>	\$ 8,030
5.10%, 1985–1987 .....	<b>3,685</b>	3,685
5.20%, 1988 .....	<b>1,380</b>	1,380
5.25%, 1989 .....	<b>1,465</b>	1,465
5.30%, 1990–1991 .....	<b>3,335</b>	3,335
5.40%, 1992–1995 .....	<b>7,900</b>	7,900
5.50%, 1996–1998 .....	<b>7,205</b>	7,205
Term bonds:		
5.625%, 7/1/2012 .....	<b>70,575</b>	71,510
	<b><u>103,575</u></b>	<u>104,510</u>
	<b><u>\$301,525</u></b>	<u>\$308,910</u>

Maturities of funded debt:		
Due within one year .....	<b>2,795</b>	1,995
Due after one year .....	<b>298,730</b>	306,915
	<b><u>\$301,525</u></b>	<u>\$308,910</u>

(continued)



*F. Pension Costs:*

The employees of the Authority are required, under the Enabling Act, to become members of the state retirement system and the Authority is required to reimburse the Commonwealth for a proportionate share of any amounts expended by the Commonwealth on account of the Authority's retired employees.

At January 1, 1975, the most recent valuation date, the actuarially computed value of unfunded prior service costs approximated \$14,106,000.

The amount, if any, of the actuarially computed value of vested benefits over the total assets of the pension fund has not been determined.

For the financial statements prepared in accordance with generally accepted accounting principles, pension expense includes current service cost and amortization of past service costs determined as at July 1, 1973 over a 25-year period irrespective of amounts required to be paid to the Commonwealth. Total pension costs so determined were \$1,875,000 in fiscal 1976 and \$1,702,000 in fiscal 1975.

Current expenses in the supplemental financial data include \$386,000 in 1976 and \$391,000 in 1975, the Authority's proportionate share of amounts expended by the Commonwealth for payments made to retired employees.

*G. Contingent Liabilities and Commitments:*

Payments to the Commonwealth of Massachusetts for Port Facilities:

As consideration for the Port properties acquired from the Commonwealth of Massachusetts on February 17, 1959, the Authority is required by the Enabling Act to pay annually to the Commonwealth an amount contingent upon cash revenues from the Port properties for the preceding fiscal year exceeding certain related cash expenditures until the Authority has paid an amount as defined in the Enabling Act.

At June 30, 1976, the amount contingently payable to the Commonwealth, not reflected in either the financial statements or the supplemental financial data, aggregated \$17,570,000. Included in investments in facilities are payments of \$899,000 made to the Commonwealth for these Port facilities. In fiscal 1976, the Authority sold a parcel of land that was part of the original Port properties acquired from the Commonwealth, and the proceeds of sale (\$196,000) were paid to the Commonwealth as required by the Enabling Act.

Cash expenditures from these properties exceeded related revenues by \$3,155,000 in fiscal 1976, which amount has been added to such prior years' deficiencies of \$8,373,000. The cumulative cash deficit of \$11,528,000 is to be applied against future Port properties net revenues before payments are required in future years.

Contractual Obligations for Construction:

Contractual obligations for construction were approximately \$14,216,000 at June 30, 1976.

*(continued)*

**Notes to Financial Statements  
and Supplemental Financial Data** *(continued)*

*H. Litigation:*

On August 17, 1976, fourteen airlines using Logan International Airport commenced an action against the Authority challenging the validity of the increase in landing fees for the fiscal year ending June 30, 1977 and of a portion of the landing fees for the fiscal years ended June 30, 1973, 1974, 1975 and 1976 and seeking an injunction against collection of the fees and a refund of some portion of past payments. The complaint did not specify the amount by which the landing fees are asserted to be excessive; however, the airlines have continued to pay the rate as established for the fiscal year ended June 30, 1976.

The Authority filed an answer asserting the reasonableness of the landing fees for each year in question and requesting a declaration of their validity, and has counterclaimed for all amounts of the landing fee for fiscal 1977 that the airlines refuse to pay. In addition, the Trustee for the Authority's bondholders has joined the Authority as an additional defendant and counterclaimant and is actively participating in the defense of the suit.

On February 21, 1977, a motion of the Authority and Trustee filed on November 30, 1976 was granted which dismissed the airlines' complaint, deemed the landing fee for the fiscal year ended June 30, 1977 to be constitutional, valid and reasonable and, also, ordered judgment in favor of the Authority on its counterclaim for the assessed unpaid fiscal 1977 landing fees plus interest and granted a permanent injunction directing the airlines to pay the currently assessed landing fee. A stay of the injunction was also granted, pending appeal, on the condition that, within the time for filing notice of appeal, the airlines pay directly to the Authority fifty percent of the withheld landing fees, that the airlines pay the remainder to be held in escrow and that each month, as the assessed fee becomes due, the airlines pay fifty percent of the increase directly to the Authority and the remainder to an agent to be held in escrow.



1176 044



# THE PORT OF BOSTON NEVER DROPS ITS GUARD. THAT'S WHAT MAKES US "THE CONTENDER".

The Champion's outboxing himself. He's got so many containers to try and protect, that sometimes he leaves himself wide open.

And you're the one who gets hurt.

At the Port of Boston's \$25-million automated container terminal, we never drop our guard. If we did, we wouldn't be "The Contender".

So when a truck driver pulls in to pick up a shipment, we don't just get his name, we get his face. On film.

And when our security force watches over your shipments 24 hours a day, they bring along a friend: the Massachusetts State Police.

It's worked. Since we opened our terminal in 1972, *not one container has ever been lost or stolen.*

So why keep taking it on the chin. Fight back. Send us your latest shipping bill (with the coupon), and we'll send you a Port of Boston representative.

He'll work closely with you to customize a *total* shipping/transportation cost for your company. Then compare our bottom line with the bottom line you're now paying.

If that doesn't put you in "The Contender's" corner, nothing will.

## "The Contender", The Port of Boston

Dept. HS, 99 High Street, Boston, MA 02110

Okay, here's my latest shipping bill. Now show me how much I can save by putting "The Contender" in my corner.

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

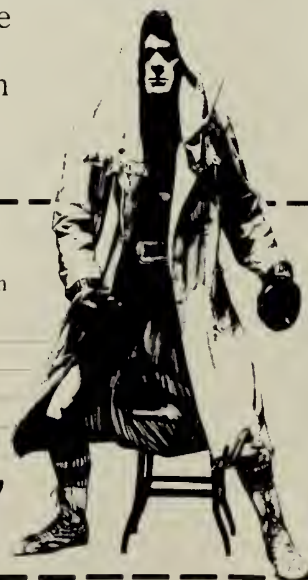
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